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STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Secretary Rice to Israel, West Bank, October 14-18, 2007:

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Key stories in the media:

Major media quoted Secretary of State Condoleezza Rice as saying

during a joint press conference with PA Chairman [President] Mahmoud Abbas: "Israelis and Palestinians are making their most serious effort in years to resolve the conflict. Frankly, it is time for the establishment of a Palestinian state." The independent, left-leaning Ha'aretz quoted Chairman Abbas as saying that Israel should dismantle all settlements and pull back its military to the pre-Intifada lines even before the completion of negotiations. Abbas made additional demands, including the release of all Palestinian prisoners. The Palestinian leader was quoted as saying that he told Rice of these demands, and that he asked her to help halt construction within the existing settlements, citing the relevant clause in the Roadmap.

Ha'aretz reported that Strategic Affairs Minister Avigdor Lieberman told Rice on Monday that going ahead with a Middle East meeting next month would be a mistake and that the Israeli government cannot afford to make to make controversial decisions on matters of such a sensitive nature. Lieberman also stressed to the Secretary the importance of security for the residents of Sderot and the area around Gaza. The conservative, independent Jerusalem Post reported that Lieberman told Rice that an IDF operation to destroy the terrorist infrastructure in the Gaza Strip is inevitable.

Ha'aretz reported that Tel Aviv University's "Peace Index" poll found that some two-thirds of Israel's Jewish public thinks that from Israel's standpoint it is impossible to go on indefinitely with the current state of relations between Israel and the Palestinians. A similar number of Jewish citizens think that among the most urgent issues on Israel's agenda is the government's attempt to reach a peace agreement with the Palestinians. Yet a large majority of this public does not believe that the Annapolis meeting will significantly advance the process of reaching a permanent Israeli-Palestinian peace, or even achieve a basic clarification of the differences between the two sides.

All media led with reports that information received from Hizbullah during a deal carried out along Israel's northern border on Monday is hoped to bring to a conclusion the mystery surrounding the fate of missing IAF navigator Ron Arad. On Monday evening Israel and Hizbullah exchanged the remains of three individuals and a seriously ill prisoner. The media said that the transaction, carried out with the help of the UN and the Red Cross, is the first overt sign of a mediating process that began six months ago for the release of the two abducted reservists, Eldad Regev and Ehud Goldwasser. As part of the deal, Israel received sensitive information linked to the case of Arad, missing since 1986 when his jet crashed in Lebanon. The media are divided regarding the amount of knowledge Hizbullah has about Arad's fate. Similar to other media, Ha'aretz reported that senior Israeli defense sources told the newspaper last night that the deal reflects a certain degree of progress in contacts with Hizbullah, but negotiations are still slow, and at this stage there is no expectation that Regev and Goldwasser will be freed in the near future.

Leading media reported that speaking to the Knesset plenum on Monday, PM Ehud Olmert questioned whether Arab neighborhoods in East Jerusalem should be defined as part of Israel's capital.

Israel Radio reported that Defense Secretary Robert Gates told the Jewish Institute for National Security Affairs in Washington on Monday that the US must leave all options open in the fight against Iran's nuclear program. Gates did not say whether this meant a military operation against Iran. Leading media reported that during his visit to Tehran, Russian President Vladimir Putin will discuss Iran's nuclear program with the Iranian leaders.

Major media quoted police as saying on Monday that the Israeli police will handle the criminal probe into PM Olmert's activities when he was industry and trade minister. Ha'aretz quoted police sources as saying that the investigation is complicated and will take several months.

Secretary Rice to Israel, West Bank, October 14-18, 2007:

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Summary:

The independent, left-leaning Ha'aretz editorialized: "[Because of the opposition of right-wing groups to her moves, Secretary Rice] deserves double the congratulations for her perseverance in promoting the important tasks she has taken upon herself: preparing the ground and hearts for the unavoidable compromises on the way to dividing the land."

The conservative, independent Jerusalem Post editorialized: "The immediate question ... is whether Livni will insist on this bedrock Israeli interest [mutual recognition] as a condition for any document."

Gilad Sharon, son of former prime minister Ariel Sharon, wrote in the mass-circulation, pluralist Yediot Aharonot: "What point is there to an agreement when it is known that Palestinian terror will continue?"

Senior op-ed writer Akiva Eldar commented in Ha'aretz: "The good news ... is that in their four one-on-one meetings, Prime Minister Ehud Olmert and Abbas have touched on the conflict's most sensitive issues. The bad news.... is that the two leaders have agreed that the gaps between them with respect to details are too big."

Block Quotes:

I. "Welcome Involvement"

The independent, left-leaning Ha'aretz editorialized (10/16): "The difficulties that have emerged through direct talks between Israel and the Palestinians do not discourage [Secretary of State Condoleezza Rice]. Rice is once again shuttling between the two parties.... Rice does not content herself with promoting understandings between Prime Minister Ehud Olmert and Abbas. Rice is attempting to utilize Washington's prestige as a superpower and her personal influence to persuade the Israeli premier's coalition partners and party members to cooperate.... In her meeting with [Israeli cabinet ministers], Rice reminded them that Israel has for decades avoided the necessary move of addressing the core issues, and that a decision on the matter is now inevitable. 'Frankly, it is time for the establishment of a Palestinian state,' Rice later said. Her words will probably not be greeted with applause from Israeli right-wing circles nor by Jewish and Christian groups that have influence over the Bush administration's top brass and in Congress. And for that reason, the visitor deserves double the congratulations for her perseverance in promoting the important tasks she has taken upon herself: preparing the ground and hearts for the unavoidable compromises on the way to dividing the land."

II. "Livni's Mission"

The conservative, independent Jerusalem Post editorialized (10/16): "Regardless of Olmert's motives, Livni's appointment [as the head of the Israeli negotiating team] would have an important effect on [the] outcome [of the talks]. She has long taken an interest in the true pivot of the conflict, the Palestinian demand for the 'right of return.' Now her goal and motto should be a simple one: Without positive Palestinian movement on that, there is little point to the summit and no basis for Israeli concessions.... Successful negotiations toward a two-state solution cannot proceed in earnest when one side denies the fundamental legitimacy of the other's state. Such a challenge violates the principle of mutual recognition, which must be established as a prerequisite to negotiations rather than as their hoped for result. One would like to be fully confident that the Prime Minister would walk away from any deal that does not advance this fundamental position, but such confidence is in short supply. The immediate question, therefore, is whether Livni will insist on this bedrock Israeli interest as a condition for any document."

III. "With Whom and About What?"

Gilad Sharon, son of former prime minister Ariel Sharon, wrote in the mass-circulation, pluralist Yediot Aharonot (10/16): "The very

skipping to permanent-status [talks] is the result of the fact that the Palestinians have not stood up to their commitments in the framework of the Roadmap and other agreements -- in particular the cessation of terror, the dismantling of the [Palestinian terror] organizations and the weapons gathering. What point is there to an agreement when it is known that Palestinian terror will continue? Moving to the permanent-status agreement is therefore a stupid and dangerous solution."

IV. "A Prelude of Niceties"

Senior op-ed writer Akiva Eldar commented in Ha'aretz (10/16): "Israelis and Palestinians who have met with US Secretary of State Condoleezza Rice in recent days and have spoken with her staff have gained the impression that she does not really know what on earth her boss wants from her. It isn't that Dr. Rice has a hearing problem. Her problem is that US President George W. Bush has apparently not yet decided what exactly he wants to achieve at the Annapolis peace conference. His answers depend on who he is speaking to and on the day of the week.... There are two camps at the White House and at the State Department. The prevailing train of thought in one of the camps, led by neo-conservative Elliott Abrams, who is in charge of the National Security Council's Middle Eastern Affairs, holds that negotiations with the Palestinians on a final status solution is an idiotic idea. Members of the other camp, headed by Rice, believe the time has come to renew the peace process, but they have no idea how to go about this. The good news they have heard is that in their four one-on-one meetings, Prime Minister Ehud Olmert and Abbas have touched on the conflict's most sensitive issues. The bad news that has been brought to their attention is that the two leaders have agreed that the gaps between them with respect to details are too big."

JONES